

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01 CEA-01

DODE-00 PA-01 USIA-06 PRS-01 L-02 H-02 /081 W

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R 210025Z MAR 75

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 9321

C O N F I D E N T I A L RANGOON 0731

E.O. 11652: GDS

TAGS: EAID EFIN IBRD IMF BM

SUBJ: IFI INTEREST IN BURMA

REF: STATE 59027

1. FOLLOWING DEPRIMIN'S VISIT TO WASHINGTON LAST FALL, MINISTRY OF PLANNING AND FINANCE OFFICIALS SEVERAL TIMES MENTIONED TO US THE POSSIBILITY OF AN INTERNATIONAL AID CONSORTIUM, REFERRING TO IT AS SOMETHING CERTAIN TO MATERIALIZE AND INDICATING THAT GUB WOULD WELCOME U.S. PARTICIPATION. WE UNDERSTAND THAT SIMILAR INDICATIONS OF INTEREST HAVE BEEN GIVEN BY GUB TO A NUMBER OF OTHER MISSIONS IN RANGOON, INCLUDING FRG, UK, JAPAN, AUSTRALIA, BUT TO OUR KNOWLEDGE NO SPECIFIC PROPOSALS -- E.G., TERMS OF REFERENCE OF A CONSORTIUM, PLACES AND TIMING OF MEETINGS -- HAVE BEEN PUT TO ANYONE.

2. FROM EMBOFF'S CONVERSATION WITH DIAMOND, IBRD, DURING VISIT TO RANGOON LAST MONTH, WE HAD CONCLUDED THAT BURMESE ENTHUSIASM FOR A CONSORTIUM WAS NOT SHARED BY BANK. DIAMOND REFERRED TO POSSIBILITY OF CONSORTIUM BEING ORGANIZED IN FUTURE WITH IBRD HELP, BUT SAID HIS MISSION HAD REPEATED TO GUB THE BANK'S VIEW THAT TIME NOT YET RIPE, THAT MORE BILATERAL CONTACTS AND PLANNING FOR ECONOMIC REFORM SHOULD PRECEDE ANY ATTEMPT TO FORM A CONSORTIUM. (THE PRO-
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GRAM, REFTTEL, PRESENTATION OF WHICH IS CONDITION PRECEDENT FOR

ACCESS TO IMF MEDIUM-TERM FACILITY SHOULD GO A LONG WAY TOWARD SATISFYING IBRD'S SECOND PREREQUISITE.)

3. MORE RECENTLY, PLANNING AND FINANCE MINISTRY SOURCE SAID IBRD HAS INDICATED THAT DUE TO RISING COSTS IT WILL PROBABLY NOT BE ABLE TO FINANCE FULL AMOUNTS OF THREE MULTI-PURPOSE DAM PROJECTS WHICH ARE CURRENTLY IN PLANNING STAGE. INSTEAD OF POSTPONING ONE, BANK REPORTEDLY SUGGESTED THAT GUB SEAU BILATERAL PARTICIPATION AMOUNTING TO, SAY, ONE FOURTH TO ONE THIRD OF FOREIGN EXCHANGE COST OF EACH PROJECT. THIS OF COURSE WOULD BRING INTO BEING A KIND OF MINI-CONSORTIUM (IBRD PLUS ONE OR MORE BILATERAL DONORS) FOR EACH OF THE THREE PROJECTS. FYI OUR INITIAL REACTION TO THIS REPORTED SUGGESTION BY IBRD IS ONE OF SKEPTICISM WHETHER GUB POSSESSES TECHNICAL AND MANAGERIAL RESOURCES NEEDED TO IMPLEMENT ALL THREE PROJECTS, PLUS A PROBABLE ADB IRRIGATION PROJECT, PLUS ONE ALREADY AGREED TO BY IBRD, SIMULTANEOUSLY. END FYI.

4. IN SHORT, OUR IMPRESSION IS THAT GUB IS DISPOSED TO MOVE AHEAD WITH CONSORTIUM OF SOME SORT WHENEVER IT RECEIVES SOME ENCOURAGEMENT FROM IBRD OR IMF. WE ARE PLEASED TO LEARN FROM REFTEL THAT IMF AT LEAST IS TAKING A MORE FORTHCOMING ATTITUDE.

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